

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company (U 39 E) for Authority to Increase Revenue Requirements to Recover the Costs to Replace Steam Generators in Units 1 and 2 of the Diablo Canyon Power Plant.

Application 04-01-009  
(Filed January 9, 2004)

Application of Southern California Edison Company (U 338-E) for Authorization: (1) to Replace San Onofre Nuclear Generating Station Unit Nos. 2 & 3 (SONGS 2 & 3) Steam Generators; (2) Establish Ratemaking for Cost Recovery; and (3) Address Other Related Steam Generator Replacement Issues.

Application 04-02-026  
(Filed February 27, 2004)

**ADMINISTRATIVE LAW JUDGE'S RULING  
SETTING BRIEFING SCHEDULE AND  
ADDITIONAL PREHEARING CONFERENCE**

With its application, Pacific Gas and Electric Company (PG&E) filed a motion requesting an interim decision authorizing it to enter into a contract for the construction of replacement steam generators. In addition, it asked for pre-approval of the recovery of cancellation costs if the Commission subsequently denies the application. In its application, Southern California Edison Company (SCE) also requested pre-approval of cancellation cost recovery. SCE's request is essentially the same as PG&E's motion because pre-approval of cancellation cost recovery appears to imply authorization to

enter into replacement steam generator construction contracts. Although not filed as a formal motion, SCE's request will be treated as a motion.

It appears that the issues raised by the above motions are primarily issues of law or policy because the motions request decisions before the Commission has determined whether the proposed replacements are reasonable. In order to properly address the above motions, I will require the parties to file separate briefs on the issues raised by each motion in the corresponding applications.

A prehearing conference (PHC) is scheduled for March 25, 2004, in SCE's application, and a second PHC in PG&E's application is scheduled for April 15, 2004. In order to coordinate these two proceedings, a second PHC for SCE will be consolidated with the second PHC previously scheduled for PG&E on April 15, 2004.

Therefore, **IT IS RULED** that:

1. Opening briefs on the issues raised by the motions requesting authorization to enter into replacement steam generator construction contracts, and pre-approval of cancellation costs (pre-approval motions) shall be filed and served in each application by April 7, 2004.
2. Reply briefs shall be filed and served in each application by April 21, 2004.
3. In the opening briefs, the parties shall address, as a minimum; (a) whether granting the pre-approval motions would effectively prejudice the reasonableness of replacing the steam generators; (b) whether the applicants are barred from subsequently requesting recovery of cancellation costs, if the Commission does not approve replacement of the steam generators, and (c) whether the Commission is in some way prohibited from granting the pre-approval motions.

4. To the extent that a party believes the Commission is prohibited from granting the pre-approval motions, the party shall provide cites to all statutory requirements, decisions, or anything else on which it bases its contention. Copies of the relevant portions of the cited documents shall be included with the briefs.

5. Any party who wishes hearings on the pre-approval motions shall, in the opening briefs, explain the issues of fact it would address in the hearings, why they are relevant, and what evidence it would introduce on each issue.

6. A second consolidated prehearing conference in both proceedings will be held on April 15, 2004, at 10:00 a.m., in the Commission Courtroom at 505 Van Ness Avenue, State Office Building, San Francisco, California. The prehearing conference will address coordination of the two proceedings, as well as any other matters necessary to move the proceedings forward.

Dated March 17, 2004, at San Francisco, California.

/s/ JEFFREY P. O'DONNELL

Jeffrey P. O'Donnell  
Administrative Law Judge

**CERTIFICATE OF SERVICE**

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge's Ruling Setting Briefing Schedule and Additional Prehearing Conference on all parties of record in this proceeding or their attorneys of record.

Dated March 17, 2004, at San Francisco, California.

/s/ FANNIE SID  
Fannie Sid

**N O T I C E**

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074 or TTY# 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.